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INVESTMENT DEVELOPMENT AND EXPORT ADVANCEMENT SUPPORT PROJECT

IDEAS PROJECT YEAR II WORK PLAN
OCTOBER 1, 2011–SEPTEMBER 30, 2012

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DISCLAIMER

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LIST OF ACRONYMS

AEP	Agency for Entrepreneurship Promotion
B2B	Business to Business
CA	Contracting Authorities
CCOM	Coordinative Committee of Ministers
CoC	Chambers of Commerce
COTR	Contracting Officer's Technical Representative
CRM	Customer Relationship Management
DI	Domestic Investments
DOC	Development Outreach and Communications
DPM	Deputy Prime Minister
DPMEA	Deputy Prime Minister for Economic Affairs
ENER (EHEP)	Unique National Electronic Register of Regulations
EO	Economic Operators
EOM	Employers Organization of Macedonia
EPA	Export Promotion Agencies
ESC	Economic and Social Council
FDI	Foreign Direct Investment
GoM	Government of Macedonia
IDEAS	Investment Development and Export Advancement Support
IMEG	Inter-Ministerial Expert Group
IP	Industrial Policy
IPA	Instrument for Pre-Accession Assistance
InvestMacedonia	Agency for Foreign Investments and Export Promotion
MIM	Macedonian Institute for Media
MLSP	Ministry of Labor and Social Policy
MoE	Ministry of Economy
MoE IPCD	Industrial Policy and Competitiveness Department in the Ministry of Economy
MoU	Memorandum of Understanding
NECC	National Entrepreneurship and Competitiveness Council
OSS	One-Stop Shop
PMP	Performance and Monitoring Plan
PPB	Public Procurement Bureau
PPD	Public-Private Dialogue
PR	Public Relations
RCI	Regional Competitiveness Initiative
RIA	Regulatory Impact Assessment

SME	Small and Medium Enterprises
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TIDZ	Technological Investment Development Zones
TO	Task Order
ToR	Terms of Reference
USAID	United States Agency for International Development
USAID's ADS	USAID's Automated Directives System
UNCTAD	United Nations Conference on Trade and Development
USG	United States Government
VAT	Value Added Tax
VPM	Vice Prime Minister
WP	Work Plan

EXECUTIVE SUMMARY

The Republic of Macedonia, recognizing the small scope of the Macedonian economy, has made great strides over the past 20 years, instituting reforms aimed at developing a market economy and integrating the country into the global economic system. Some aspects of these reforms, such as trade policy liberalization and efforts to improve the general business environment, have been generally successful, but they have not been followed by the development and effective implementation of policies that support the efficient restructuring of the commercial entities and that enable and encourage them to invest in improving their competitiveness.

Uncoordinated reforms have led to an undesirable situation—on one side, an open, liberalized, and globally and regionally integrated economy; on the other side, a private sector that is generally unable to compete in the domestic and international markets. This situation is confirmed by the actual foreign trade performance of Macedonian industry, which is characterized by a growing trade deficit and an unfavorable export structure that is concentrated in only a few categories of products to which Macedonian industry adds only a small share of value.

Strengthening the overall economy requires investments; investments that will further support exports. Over the past decade, Macedonia has implemented significant reforms aimed at improving the investment climate and simplifying investment procedures. However, to date, the figures on annual investment inflow, both domestic and foreign, are disappointing and insufficient to support sustainable growth of the Macedonian economy. On the exports side, Macedonian companies lack the structure and know-how to seek opportunities in foreign markets, and the government only recently mandated InvestMacedonia to promote exports, which is a challenging task for an agency that has little experience in this area.

In addition, the private sector still unsystematically approaches the Government of Macedonia (GoM) when advocating for trade and economic policies in favor of a friendlier business environment.

The Investment Development and Export Advancement Support Project is responsible for addressing these issues. The project is organized around the following main components, which are strongly interconnected:

- Industrial Policy Component—Seeks to develop coordinated mechanisms that enable the GoM to make well-informed decisions on policies that will have a positive effect on investment and exports.
- Export Promotion Component—Works directly with InvestMacedonia and the Export Promotion Agency (EPA) to strengthen its capacities.
- Public-Private Dialogue (PPD) Component—Acts as a cross-cutting theme that links the IDEAS project's components and aims to develop sustainable models for productive interactions between the private and public sectors, as well as civil society, especially on matters related to export and investment promotion.

During the first year of implementation, the IDEAS Project has launched several key initiatives that will serve as a foundation in following years. Each component and its activities are described in the following sections.

During year I, the IDEAS Project implemented the following key achievements:

- Organized a “workshop on developing a consistent approach in the preparation of competitiveness programs” and “workshop on creation of a monitoring and evaluation framework for industrial policy implementation.” The outputs from these events establish a basis for all future activities of the Inter-Ministerial Expert Group (IMEG) and the project in the field of Industrial Policy (IP) implementation.
- Conducted a cost-benefit analysis of the benefits available to Technological Industrial Development Zones (TIDZ) investors.

- Held a “workshop on building team cohesion, increasing industrial policy awareness and strengthening the basic outreach skills” among IMEG members, the Ministry of Economy Industrial Policy and Competitiveness Department, and the Cabinet of the Deputy Prime Minister for Economic Affairs (DPMEA).
- Worked on the Strategic Framework and Business Model for the Agency for Foreign Investments and Export Promotion, in three phases. In Phase I, the project prepared a baseline analysis of Invest Macedonia, recommending a new organizational structure and mechanisms for coordination with other government agencies. This initiative was continued in two additional phases: Phase II, Sector Selection and Typology of Firms, and Phase III, Service Offerings and Support for Exporters.
- Organized Export Promotion Training for economic promoters of the Republic of Macedonia, as a joint effort with other donors present in the country. The main objective of this activity was to introduce economic promoters to their new responsibilities in the area of export promotion and to transfer knowledge and best practices from implemented donor programs.
- In the field of Continued Professionalization of the Public Procurement System, the IDEAS Project drafted the Catalogue of Competencies for the Public Procurement Officers, which is planned to be encompassed in the Overall Catalogue of Competencies for Civil Servants. The Public Procurement Bureau (PPB) officials finalized the Catalogue and submitted it to the GoM for review.
- Organized a study tour in Belgrade, Serbia, for PPB representatives to gain knowledge on the practices related to the public procurement (PP) system, or, more precisely, to exchange experiences about the legal status of the PP authority.
- Drafted an action plan for further development of the eProcurement system for 2011–2012.
- Assisted the four national chambers of commerce (CoCs) in building capacities to become a relevant counterpart of the GoM by creating detailed policy papers.
- Initiated collaboration with the business media outlet *Kapital* on publicizing project-related articles aimed at increasing the public’s awareness of the IDEAS Project’s successes and efforts aimed at creating a good institutional environment for investment and export facilitation.
- Launched the IDEAS Project’s website www.ideas.org.mk.

In the second year of the IDEAS Project, we intend to launch a series of complementary and interrelated activities that will establish the foundations for future growth in investment and export initiatives in Macedonia (described in detail in the sections below). The focus will be on operational implementation of the economic development policies and high-level directions driven by the GoM. Simultaneously, we will focus on developing mechanisms to ensure sustainable PPD and civil society dialogue and on attaining tri-partite consensus-driven decisions for the well-being of the Macedonian economy.

The results achieved by the IDEAS Project will be measured by the Performance Measurement Plan, whose indicators and outcomes are described in detail in Section VI.

I. COMPONENT A–FOREIGN DIRECT INVESTMENT (FDI) / DOMESTIC INVESTMENT (DI) / EXPORT FACILITATION AND INVESTMENT AFTERCARE IMPROVED

Theme 1: Implementation of the new GOM Industrial Policy for enhanced inter-ministerial coordination and streamlining of DI, FDI, and aftercare

I. Current Situation

Industrial Policy

The process of implementing the Industrial Policy (IP) of the Republic of Macedonia 2009–2020 increased speed during 2011. Progress is being made both in the area of strengthening the institutional and coordinative aspects of the process, as well as in the quality and substance of specific measures and programs.

The IDEAS project has helped significantly enhance the existing IP institutional structure and coordination mechanisms by successfully implanting IP-related activities provided in the Year I Work Plan. Combined assistance efforts included various events for the implementing institutions and members of the Inter-Ministerial Expert Group (IMEG) aimed at strengthening their knowledge on the importance of IP and the crucial role of coordination and consultations for its implementation; targeted advice related to the quality of future competitiveness initiatives; as well as drafting of specific documents to significantly improve the quality and the efficiency of the IP implementation process.

In the context of drafting specific documents, the IDEAS Project directly helped draft the Action Plan for IP Implementation 2012–2013 and the Industrial Policy M&E Framework. The action plan contains all initiatives that the GoM plans to implement mid-term for increasing the competitiveness of the Macedonian industry categorized under the five IP areas of intervention, as well as recommendations for further strengthening the IP implementation structure. The M&E Framework includes a comprehensive list of indicators for monitoring and evaluating IP implementation and recommends actions that are necessary for establishing a functional, transparent, and efficient system for measuring the results and the impact of implementing specific measures as well as the initiative as a whole. The recommendations contained in these two documents will, to a great extent, influence and be reflected in the activities planned for year 2 of project implementation.

The work to improve the IP implementation processes carried out by the project and its main partners—Ministry of Economy (MoE) and IMEG—was concurrently complemented with positive development in terms of increasing the GoM's interest in and commitment to supporting and enhancing the competitiveness of Macedonian industry. After being re-elected in June 2011, the cabinet of ministers placed the industry and economy competitiveness as the centerpiece of its economic program for the next 4 years (2011–2015). The economic program includes many specific measures aimed at strengthening various aspects of the competitiveness of Macedonian companies, such as introducing innovation vouchers, increasing knowledge on exports, supporting university spin-off companies, and others. Although it is too soon to know what the pace and the impact of implementing these measures will be, there are strong signs that the GoM intends to maximize efforts to successfully complete them. The GoM also has made it clear that any donor assistance in implementing specific measures would be welcome.

Investments

Immediately following the June elections, the GoM reinforced the existing model of multi-institutional treatment of the foreign direct investment (FDI) issues. These issues included InvestMacedonia, FDI ministers, and Directorate for Technological Industrial Development Zones (TIDZ). In addition, the GoM appointed a second minister for FDI, thus confirming its intention not to pursue significant institutional changes. This was done despite the fact that several donor and

international organizations had advised simplifying and streamlining the process by reducing the number of institutional players. (In its Investment Policy Review, the United Nations Conference on Trade and Development [UNCTAD] recommended abolishing the position of the separate minister for FDI and placing the responsibility for FDI promotion solely with InvestMacedonia; World Bank consultant David Brown, in the draft Export Strategy, suggested merging InvestMacedonia and the Directorate for TIDZ.)

The institutional setup for FDI was reinforced by several significant investment deals that were announced during the summer (i.e., Technohose–Italy; Kemet Electronics–USA; Kromberg & Schubert–Germany; Protek–Russia; Motherson–India; and second investment of Johnson Controls–USA), which to some extent put into question the critiques of the functioning of the overall FDI process. During this fall, the GoM continued its aggressive campaign to promote Macedonia by organizing road shows to several targeted markets (United States, United Kingdom).

In light of the above developments, the project, in consultation with the USAID Mission, revised its plans to carry out an assessment of the high-level treatment of the FDI issues and propose recommendations for its enhancement. It was determined that it would be much more useful to shift the project assistance to areas where there is a consensus among USAID and the partner institutions on the need for assistance. The activities described in the following sections reflect this decision.

II. Planned Activities

The IDEAS Project will implement Component A, Theme I, through a set of actions grouped around two activity areas: (1) Industrial Policy Implementation Support to the GoM and (2) Support the Process of Streamlining Investment Procedures.

ACTIVITY 1 – INDUSTRIAL POLICY IMPLEMENTATION SUPPORT TO THE GOM

During year 2, the IDEAS Project will continue to assist the Deputy Prime Minister for Economic Affairs (DPMEA) and the Ministry of Economy (MoE) in strengthening the overall system for IP implementation. Assistance activities will focus on three aspects of the implementation process: institutional capacity and related procedures for IP implementation; mechanisms and procedures for disseminating IP-related information to the private sector and disbursement of available funds and services to individual companies; and support to implement specific IP measures.

I. Support the further development of the institutional and organizational capacity for industrial policy implementation

The overall goal of the assistance activities in this area is to strengthen the institutional structure and develop rules and procedures that will increase the efficiency and effectiveness of the policy making process and improve the quality of the implemented competitiveness programs and measures. In furthering this goal, the project also will focus on strengthening the efficiency and effectiveness of the current IP-related mechanisms for inter-agency coordination, enhancing the private sector consultations, and establishing viable system for monitoring and evaluating IP implementation. Activities generally are grouped in the two areas of assistance described in Sections I.1 and I.2.

I.1 Development of rules and procedures for the process of industrial policy implementation for adoption by the Coordinative Committee of Ministers (CCOM) and the GoM

Rules and procedures for the overall process of IP implementation are expected to strengthen the institutional and procedural setup for IP implementation and to make the process more efficient, effective, and inclusive of private sector input. Preparing such rules and procedures is included in the IP Action Plan 2012–2013 as one of the pre-conditions for successful implementation. This document is envisioned as a set of norms that will regulate the following three equally important aspects of the IP process:

- Institutional structure for coordination of IP implementation activities. Although the IP already provides the basic structures for implementation and coordination, some segments of the

institutional setup should be further strengthened, following the recommendations provided in the action plan.

- Procedures for design, implementation, and monitoring of specific programs identified in the IP action plan, as well as uniform and transparent rules for allocation of incentives that do not present a barrier to potential users, especially small and medium enterprises (SME). The rules should regulate, inter alia: the manner of publishing of public calls, the form and substance of applications, the amount of additional information and documents, selection procedures, and transparent disclosure of selected companies.
- Rules spelling out the structure and the procedure for consultations between the IP implementing institutions and the private sector on competitiveness issues. Public-private dialogue (PPD) is crucial for successful design and implementation of IP. This fact is fully recognized in the IP document, which identifies the National Entrepreneurship and Competitiveness Council (NECC) as the main mechanism for consultations with the business community. In reality, the NECC has not been functional for many years, which puts into question the selected PPD model in the context of the IP. The GoM recently has demonstrated its serious intent to revive the NECC, but the results remain to be seen. Depending on the developments in this area, the project will support the design of realistic and feasible rules that will enable a functional and constructive consultation process. This activity will be implemented in close consultations with the project PPD component.

Once adopted by CCOM/GoM, the rules and procedures will significantly increase the quality of the IP implementation process, which in turn will lead to increased confidence of the private sector for the available measures.

1.2 Support the Ministry of Economy in establishing an efficient and effective M&E system

Another key element for successful implementation of any policy is a sound system for monitoring the implementation and evaluating its impact and effects. To date, this aspect has been almost fully ignored by the Macedonian institutions regarding implementation of competitiveness measures and programs. With the exception of a few isolated attempts to define specific indicators and some performance reports prepared by the implementing institutions, which focus only on direct output, there has so far been no clear vision on what is needed to efficiently monitor and evaluate the implementation of competitiveness initiatives. As result, no institution can, for example, provide sound information on the effects that have resulted from the measures implemented by the GoM in the area of SME development or export promotion.

The IP, because it is a comprehensive initiative for increasing the competitiveness of the Macedonian industry that encompasses activities in five broad areas of intervention, requires an efficient and effective system for monitoring and evaluation at all levels. This need has been recognized by the creators of the IP document, but little has been done to put the system in place. The IDEAS Project will support this process during the next year through implementation of the following activities:

- Support the Monitoring and Evaluation Unit of IP implementation. Currently, this unit exists only on paper, as part of the organizational structure of the MoE. A key pre-condition for implementation of all other activities in support of the M&E process will be for the MoE to hire at least one employee for this unit.
- Establish within the unit an efficient IP performance monitoring system.
- Develop uniform procedures and forms for reporting and collecting data needed to monitor and evaluate progress based on the identified set of indicators. A comprehensive set of indicators to measure progress at all levels already has been put together by the project.
- Set up regular communication with all data providers.
- Train M&E unit staff.

M&E activities are expected to improve the data collection process, thus enabling efficient monitoring of the IP implementation process and evaluation of the impact of its measures against the

selected indicators, as well as providing high-quality input for all future IP and competitiveness policy decisions.

The M&E activities have to be carried out by the Ministry of Economy internally, i.e. the Ministry staff needs to develop their own capacities. As noted above, a key pre-condition for implementation of all other activities in support of the M&E process will be for the MoE to hire at least one employee for the M&E unit. There is no alternative to this approach. However, if this does not happen, three scenarios are possible:

Ideal solution would be to have a fresh young employee with appropriate background (preferably economic) devoted only to M&E. The second best solution would be to reassign someone from another Ministry department or unit and assign him/her to work only on M&E. Third scenario would be least acceptable for us: if no personal changes take place. In this case, we will have to work with the current staff and organization, i.e. rely on current employee from the MoE who deals with Industrial Policy in general, to take care of the M&E segment too. Of course, the quality of the M&E process will not be the same under the first/second and the third scenario. That is why we will make maximum efforts to work with the MoE to take needed actions.

2. Increase the awareness of the private sector about launched IP initiatives and improve private sector access to the available assistance

Macedonia, concurrently with increasing the quality of its competitiveness initiatives by enhancing the internal processes of their design and implementation, must improve its mechanisms for providing information to the business community on the available competitiveness assistance and improve the companies' access to these initiatives. The project will facilitate these processes by implementing the following activities:

- Develop a comprehensive web solution as a focal point to provide the private sector with information on the measures that institutions implement under various programs to support the companies' competitiveness. Such information will include specific activities, funds, application procedures, forms, and other information.
- Promote the web solution among the private sector as a single source of information on competitiveness initiatives (in cooperation with the PPD component).
- Train the staff of all implementing institutions on the use of the web solution to provide for more transparent operation and the new procedures for allocation of incentives.

Since the measures are not selected yet, it is very difficult at this moment for the Project to precisely determine how many of them will be supported with the Project funds allocated for this purpose. Industrial policy consists of diverse set of measures, each with different implementation complexity. As stated here, the selection of the measures to be supported will be done in consultations with our partners (DPMEA and MoE). The number of measures will to a great extent depend on their priorities, as well as on the GoM resources available for each of the selected measures. In addition, the Project believes that it will be more reasonable to concentrate our limited resources on a few measures that will produce more viable effects, instead of diversify without real results. Therefore, we opted for the safe forecast of minimum of one to two measures. We are proposing/considering to support the following activities: Innovation Voucher and "We are learning export".

In addition to improving the quality of information on specific IP measures and enhancing the access of interested companies to the incentives, the project will continue to work on increasing the awareness of various categories of the society, including the business community, on the importance and relevance of the industrial policy as a comprehensive and strategic approach towards the competitiveness of the Macedonian industry. This will be done through the public outreach channels available to the project; such are the prominent economic magazines *BIZNIS* daily and *KAPITAL* daily and weekly.

3. Support the implementation of specific IP initiative(s) provided in the IP Action Plan identified in close cooperation with the respective implementing institution(s)

The activities in this area are to support implementation of selected IP measures to demonstrate the benefits of sound implementation mechanisms. In its current economic program, the GoM identified several specific measures aimed at increasing the competitiveness of Macedonian industry. At this time, it remains unclear how many of these measures will be implemented in 2012 with funds from the national budget. After the DPMEA Cabinet releases this information, the project will select one or two measures and assist in implementing them by matching USAID technical and financial support with GoM funds. Such support may be provided under all project components (e.g., industrial policy, export promotion, or PPD).

The measures to be supported will be selected in cooperation with the DPMEA Cabinet and the respective implementing institutions, as will the defining of the scope and the type of project participation and assistance. The agreed-on conditions for implementation of this support will be detailed in the memoranda of understanding.

ACTIVITY 2 – SUPPORT THE PROCESS OF STREAMLINING INVESTMENT PROCEDURES

4. Actively participate in the process of planning the one-stop-shop for investment licenses and permits by coordinating activities with the EU advisors assigned to design the OSS concept and by collaborating with the working group established for this purpose by DPMEA

To improve the environment for foreign and domestic investments, the DPMEA launched an initiative to develop a one-stop shop (OSS) for business licenses and permits. DPMEA, awarded EU assistance under IPA 2009, will produce detailed mapping of all licensing processes and will design the organizational and information technology (IT) concept of the OSS. Although expected to be completed by the end of 2011, the mission of the EU consultants was delayed; they started work in September 2011.

On a request from DPMEA, the project agreed to consider supporting implementation of the OSS. The type and the scope of assistance will be determined based on the output of the EU consultants. In the meantime, the project will continue to cooperate with the stakeholders involved in the process and will participate in all activities to which it is invited, such as the OSS working group.

5. Provide assistance aimed at increasing the capacity for the provision of aftercare services to foreign investors

The main objective of this activity is to improve the quality of aftercare services available to investors in Macedonia. In the past few years, Macedonia has demonstrated strong performance in promoting its investment climate and in offering attractive investment packages to potential investors. However, the country has underperformed in setting up an appealing and efficient aftercare system aimed at maintaining a high level of satisfaction among investors and encouraging them to engage in future investments.

Instead of being the result of a proactive strategy for multiplying the effects of the existing investments, the current aftercare services present fragmented actions that are carried out by InvestMacedonia on an ad hoc basis and in response to specific requests by individual investors. The system demonstrates deficiencies in every segment—there is no updated database of investors, no description of the available services, and no clear business model for their provision.

The IDEAS Project plans to help InvestMacedonia improve the quality of its aftercare services by providing support to address some of the identified deficiencies. To focus its activities where support is most needed, the project first will conduct a survey among the foreign investors in Macedonia to assess their satisfaction with the current aftercare system and their preferences and needs with regard to future services in this area. (InvestMacedonia specifically sought assistance to carry out such a survey.) The survey is expected to provide the information necessary to identify the

next steps and activities required to strengthen the aftercare services that the project will implement during this and the following fiscal years.

III. Expected Results

By successfully implementing the activities described in Section 2, the IDEAS Project expects to achieve the following under Component A, Theme I:

- Strengthen institutional and organizational structure for IP implementation and functioning in an efficient and uniform manner.
- Enhance coordination among various government institutions involved in IP implementation under the auspices of IMEG and CCOM.
- Improve the quality of IP programs developed by the implementing institutions.
- Increase the quality of the support provided by the MoE Industrial Policy and Competitiveness Department (IPCD) to IMEG and CCOM.
- Establish efficient and functional system for monitoring and evaluating the IP implementation.
- Increase access to competitiveness measures and programs by the business community increased by developing a transparent web-based and user-friendly portal.
- Support implementation of select IP measures identified in cooperation with relevant implementing institutions.
- Increase awareness among the business community and the general public on the importance of IP as a comprehensive approach to supporting the competitiveness of Macedonian industry.
- Enhance the quality of the dialogue within the business community of various competitiveness issues.
- Contribute to the process of mapping licenses and business processes for the OSS.
- Strengthen the system of aftercare services for foreign investors.

Component A, Theme I—Implementation of the new GoM Industrial Policy for enhanced inter-ministerial coordination and streamlining of DI, FDI, and Aftercare					
	Initiative	Objective	Timeline	Partners	Budget and Additional Local/Foreign Experts
Activity I—Industrial Policy implementation support to the GoM					
I.	<p>Support further development of the institutional and organizational capacity for industrial policy implementation:</p> <p>I.1 Development of rules and procedures for the process of industrial policy implementation for adoption by CCOM/GoM, to include:</p> <ul style="list-style-type: none"> • More efficient institutional structure for coordination of IP implementation activities. • Institutional procedure for design, implementation, and monitoring of specific programs identified in the IP Action Plan. • Uniform and transparent rules for allocation of incentives. • Rules spelling out the structure and the procedure for consultations between the IP implementing institutions and the private sector on various competitiveness issues. 	Strengthen the institutional setup for industrial policy implementation to make the process more efficient, effective, and inclusive.	Oct 2011–Feb 2012	<ul style="list-style-type: none"> • Deputy Prime Minister for Economic Affairs (DPMEA) • Ministry of Economy–Industrial Policy and Competitiveness Department (MoE IPCD) • Competitiveness Committee of Ministers (CCOM) • Inter-Ministerial Expert Group (IMEG) 	<ul style="list-style-type: none"> • Total budget: \$12,000 • Foreign expert: 10 days • Proposed expert: Mateja Mesl
	<p>I.2 Support the Ministry of Economy in establishing an efficient and effective M&E system by:</p> <ul style="list-style-type: none"> • Invigorating the Unit for Monitoring and Evaluation of IP implementation. • Establishing within the unit an efficient IP performance monitoring system. • Developing uniform procedures and forms for reporting and for collecting data needed to monitor and evaluate progress based on the identified set of indicators. • Setting up regular communications with all data providers. • Training of M&E unit staff. 	<p>Increase the quality of the IP M&E system to:</p> <ul style="list-style-type: none"> • Improve the process of data collection to enable efficient monitoring of IP implementation and evaluation of the impact of its measures against the selected indicators. • Provide high-quality input for all future IP and competitiveness policy decisions. 	Dec 2011–Jun 2012		

Component A, Theme I—Implementation of the new GoM Industrial Policy for enhanced inter-ministerial coordination and streamlining of DI, FDI, and Aftercare					
	Initiative	Objective	Timeline	Partners	Budget and Additional Local/Foreign Experts
2.	<p>Increase the awareness of the private sector about launched IP initiatives and improve private sector access to the available assistance through:</p> <ul style="list-style-type: none"> • Development of a comprehensive web solution to serve as a focal point for the private sector to get information on the measures that various institutions implement under various programs to support the companies' competitiveness. Information will include specific activities, funds, application procedures, forms, and others. • Promotion of the web solution among the private sector through PPD channels supported by Component B. • Training of staff of all implementing institutions on the use of the web solution for more transparent operation and on the new procedures for allocation of incentives. • Increase the awareness of various categories of the society, including the business community, on the importance and relevance of the industrial policy as a comprehensive and strategic approach toward the competitiveness of Macedonian industry. 	Improve the transparency and accessibility of industrial policy initiatives to increase the interest of companies in using and benefiting from the available government assistance.	Dec 2011–Jun 2012	<ul style="list-style-type: none"> • Ministry of Economy • Other IP implementing institutions • Chambers of Commerce 	<ul style="list-style-type: none"> • Total budget: \$23,000 • Local expert: 20 days • Software development: \$20,000
3.	<p>Support the implementation of specific IP initiative(s) provided in the IP Action Plan identified in close cooperation with the respective implementing institution(s).</p> <p>This activity will include specific IP initiatives supported under project components (A1 and A2) that will be implemented in close consultation with the private sector through the PPD mechanisms supported by Component B.</p>	Directly support implementation of selected IP measure(s) to demonstrate benefits of sound implementation mechanisms.	Oct 2011–Sep 2012	Respective implementing institution(s)	Total budget: \$50,000
Activity 2—Support the process of streamlining investment procedures					
4.	<p>Actively participate in the process of planning the one-stop-shop for investment licenses and permits by coordinating activities with the EU advisors assigned to design the OSS concept and by collaborating with the working group established for this purpose by DPMEA.</p> <p>Based on the output, decide on future project activities in this area.</p>	Provide relevant contributions to the process based on the experience of the project staff in implementing electronic OSS solutions.	Oct 2011–Jun 2012	DPMEA OSS working group	N/A

Component A, Theme I—Implementation of the new GoM Industrial Policy for enhanced inter-ministerial coordination and streamlining of DI, FDI, and Aftercare					
	Initiative	Objective	Timeline	Partners	Budget and Additional Local/Foreign Experts
5.	Carry out a survey among existing foreign investors in Macedonia to assess their satisfaction with the current aftercare system and their preferences with regard to future services in this area. Based on the survey results, provide assistance aimed at increasing the capacity for the provision of aftercare services to foreign investors.	Improve the quality of aftercare services available to investors in Macedonia.	Jan–Sep 2012	InvestMacedonia	<ul style="list-style-type: none"> • Total budget: \$20,000 • Foreign expert: 10 days
					TOTAL BUDGET: \$105,000

Theme 2: Development and Implementation of a comprehensive export promotion strategy and trade policies to support exports

I. Current Situation

As a small and open economy, export is of essential importance to Macedonia's economic future. Although perceived by all Macedonian governments as a question of the highest priority, the legal mandate for export promotion was delegated to a separate government agency only in 2010.

Responsibilities for export promotion currently are divided between the Ministry of Economy (MoE), with responsibility for creating policy, and the Agency for Foreign Investments and Export Promotion (InvestMacedonia), which is responsible for implementing export promotion strategies and activities within the Republic of Macedonia.

Until this time, due to budget boundaries and the institutional lack of capacity in terms of staff, organizational, and technical shortages, InvestMacedonia was not involved in export promotion.

The USAID IDEAS Project's approach for implementation of export promotion activities is based on building processes and mechanisms that InvestMacedonia can use to provide relevant services to export-oriented companies, with a focus on the key sectors with the highest potential for increasing the exports.

Activities performed during year 1 of the IDEAS Project were focused on development of a strategic framework and business model for InvestMacedonia

These activities prepared a base for the implementation phase, which will coach InvestMacedonia on how to build the programs it will offer to exporters and on how to develop its IT infrastructure and improve staff effectiveness.

The main emphasis for the planned activities for year 2 is implementation of the strategy and introduction of export readiness and export promotion programs. This effort is divided into four categories: (1) Building InvestMacedonia's Export Programs, (2) Development of the Export Readiness Programs, (3) Development of Customer Relationship Management web platform for InvestMacedonia and Training Activities, and (4) Cross-Cutting Initiatives.

II. Planned Activities

ACTIVITY I – BUILDING INVESTMACEDONIA'S EXPORT PROGRAMS

Based on the legal mandate and in accordance with recommendations from the Strategic Framework (Phase I), InvestMacedonia should undertake traditional export promotion functions, including business development and market information.

Branding and marketing activities will remain within the portfolio of InvestMacedonia, but they should be completed by the investment promotion side, keeping in mind the established capabilities and the greater number of current resources, vis-à-vis those forecast for export promotion.

During year 2, the IDEAS Project will work to establish the two basic traditional export promotion programs in InvestMacedonia—(1) business development and (2) market information—by providing assistance in the form of guiding, training, coaching, and support in the practical implementation.

I. Building InvestMacedonia's Export Programs

By definition, business development includes activities focused on helping companies generate leads that can potentially lead to a sale. The available tools most frequently used by export promotion agencies include the following:

- Trade fairs
- Trade missions
- Lead generation

- Identification of high-level opportunities
- Customized contact lists
- Business meeting agendas
- Cost-sharing grant scheme for these activities.

In this effort, the project will support the introduction of three export promotion tools within InvestMacedonia: (1) trade fair participation, (2) trade mission, and (3) lead generation.

1.1 Business Development Program

Trade Fairs—By definition, trade fairs are export promotion instruments that enable companies to connect with existing and new buyers. Attendees often are decision makers who might not take the time to meet with a salesperson, but they go to trade fairs to remain current within their industry. Sellers can take advantage of this time with decision makers. Cost per sale can be significantly lower when a company can interact with multiple buyers at a trade fair rather than approaching buyers one by one.

Because Macedonia is far from many markets, trade fairs may provide the only opportunity for Macedonian companies to get their products in front of buyers. Trade fair attendees typically are active buyers who are looking to make quick purchasing decisions.

Keeping in mind the transfer of the responsibility for management with the grants for trade fair participation, from the Ministry of Economy to InvestMacedonia, the IDEAS Project will support the entire process of establishing the function within InvestMacedonia, supporting it with detailed descriptions of the service, setting up Key Performance Indicators, defining the action plan, training and coaching staff through the implementation process, and helping to pilot the activity.

We will adjust Serbia Investment and Export Promotion Agency (SIEPA) fair toolkit to the Invest Macedonia needs and train the staff in the Agency to assure the effective use of the toolkit. SIEPA representatives have expressed an interest in coaching Invest Macedonia's staff on export promotion activities. We could consider bringing a SIEPA representative to Skopje to teach the material from the fair toolkit and share best practices. Upon the approval of the Work Plan, the Project will continue discussing this option with SIEPA and InvestMacedonia.

Examples of such activities include the following:

- Develop a list of trade fairs for the coming year and a list of potential buyers in the country where the trade show is and in surrounding countries (i.e., buy the list from trade shows, develop short company profiles, including what they do and buy, and contact information; research the Internet for companies' names; develop contact information templates; launch phone interviews with target buyers to complement the data collection process; and develop talking point templates for phone and email outreach.
- Identify and launch a trade show application process (i.e., competitive for attendees only and preparatory for qualified companies).
- Complete the selection process and notify companies (for qualified companies, follow up on requested information to finalize selection).
- Develop a handbook to assist exporters in preparing for trade shows. Ensure participants have access to the list of buyers.
- Organize training preparation in areas such as trade fair overviews, media use at trade fairs, making the most of trade fairs, and so on. Leverage the trade fair toolkit developed by USAID for SIEPA/Serbia.
- Develop communication templates to invite buyers to visit Macedonian booths at the fair, and to attend business-to-business (B2B) meetings.

The IDEAS Project will help pilot the activity in at least one sector, where the entire process, from preparation to participation on at least one international trade fair, will be practically implemented with involvement of the staff from all relevant departments in InvestMacedonia.

This effort will be organized on cost-sharing principles, with the possibility for involvement by the USAID AgBiz Project and other donors.

Trade missions—Trade missions are a proven cost-effective tool for helping domestic companies learn first-hand about foreign markets by attending market briefings, visiting sales channels, and meeting face to face with qualified potential buyers, agents, distributors, and other business partners.

Trade missions provide companies with an opportunity to assess buyers' needs; understand the competitive landscape and success factors and learn any trade and/or regulatory requirements for exporting; and to the company to test their ideas and assumptions directly with buyers.

In the Macedonian context, trade missions will enable companies to increase their access to markets and to present a positive image of Macedonian products through marketing and publicity.

Trade missions can take multiple forms, but InvestMacedonia should focus on organizing groups of exporters to visit businesses, chambers, and associations in foreign countries with the goal of marketing products, securing sales, and increasing exports. Such trade missions will take the form of "outward" trips, with exporters traveling abroad to meet with business communities in foreign countries. The target for outward trade missions should be limited to export-ready companies.

Project assistance will be focused on describing the service in detail, defining the action plan, setting up the KPIs, training and coaching InvestMacedonia staff through the process, and piloting the activity.

Examples of such activities include the following:

- Determine the company's eligibility criteria for participation in the program
- Collect the relevant data on markets and buyers for selected target markets for the missions
- Create a list of potential participants
- Organize training preparations in the areas, such as trade mission overviews
- Meet with potential buyers, distributors, and trade organizations
- Conduct post-mission follow-up and design next steps for companies to secure orders
- For companies that are not export ready, prepare a handbook for new exporters and propose training to learn about exports (e.g., pros and cons of exporting, ways of exporting, cost of exporting).

In terms of "practical implementation," the IDEAS Project will support piloting of an activity, organizing at least one trade mission event together with InvestMacedonia for one or two specific sectors. In terms of support, the activity will be implemented in cooperation with associations and the chambers and other donors, such as USAID AgBiz, GIZ, SIPPO, CBI, and others.

Having in mind the number of people in the export department in Invest Macedonia and available funds in the Agency for 2012, we believe that the above mentioned targets related to trade fairs and trade missions in certain number of sectors are realistic. If there are available funds and capacity in the Agency we can increase the export promotion events and sectors that will be supported. Our general strategy is not to limit activities just to two sectors, but to develop the functions/functionalities in the Agency that will be available for all sectors.

Lead Generation—Lead generation is a marketing tool to generate consumer interest or inquiry into products or services of a business. In the case of InvestMacedonia, this function will be focused on developing buyer interest in foreign markets for Macedonian products or services. Typically, leads are developed through research and contact with potential buyers. Success depends on the likelihood of buyers purchasing goods or services.

Within InvestMacedonia, economic promoters will have primary responsibility for developing leads in foreign countries. Specifically, they will be expected to identify high-level opportunities in the specific market, to generate customized contact lists and leads (at the request of InvestMacedonia or individual companies), and to develop business meeting agendas for visiting Macedonian business people (at the request of InvestMacedonia).

The project will support InvestMacedonia in providing a description of the service, developing the action plan, setting up the IT infrastructure for performing the activity (as described under Activity 3), and training the economic promoters and coaching them through the process.

Examples of such activities include the following:

- Generate buyer contact lists through online databases, local chambers, trade show websites, and other sources. Enter leads into a centralized customer relationship management tracking system that is customized for export promotion.
- Create a contact template (in MS Excel and/or MS Access) for Macedonian companies to track their contacts and follow up correspondence.
- Complete seminars for Macedonian companies on effective tracking and follow-up techniques to procure sales.
- Work with Macedonian companies to develop communication templates, such as brochures, letters of interest, email templates, and others.

The activity should be implemented in close coordination with private sector associations and chambers.

InvestMacedonia also should strengthen its ties with the European Enterprise Network (EEN) through the Agency for Entrepreneurship to identify potential leads. Experience from the EEN should be applied when implementing the other two tools for business development in InvestMacedonia (i.e., trade fair participation and trade missions) to the extent possible.

1.2 Market Information

Market information is an Export Promotion Agency (EPA) function for providing information to companies. This effort is to provide information to drive decisions on entering and maintaining export markets, information on how to enter a specific market, information on industry-specific market opportunities, and publications, checklists, and international trade analyses.

Within the market information service line, InvestMacedonia should provide three types of products: market entry reports, market intelligence reports, and specialized research.

Market entry reports, general reports for identified markets, include information on market potential, market access, and an assessment of transportation and distribution methods. Market intelligence reports are more specific market information, ranging from statistical to competitive analyses. Specialized research reports cover advanced topics and needs that cannot be addressed by InvestMacedonia or local counterpart capacity; these reports usually are completed by vendors.

The process for developing all three types of reports should be gradual, keeping in mind the available resources and the capacity within InvestMacedonia, which will be developed with support from the IDEAS Project.

In the immediate term, the USAID IDEAS Project will help InvestMacedonia consolidate all available market entry information from export promotion websites that have the same target markets as Macedonia and all available market reports developed by associations, chambers, and donor agencies.

As the information is aggregated, InvestMacedonia should update all information in its customer relationship management (CRM) database and make the market entry reports available to exporters via the InvestMacedonia website.

Development of the market information function will be correlated with Activity 3, which is focused on strengthening the web platform and CRM system in InvestMacedonia, as a necessary infrastructure for this function.

In the short term, InvestMacedonia could cooperate with the private companies, such as Euromonitor, to develop sample reports in a selected number of industries to serve as a template for market entry reports.

2. Export Promotion Workshop

The Export Promotion Workshop is envisioned as an annual planning event where InvestMacedonia informs the private sectors for their plans and activities that are forecast for each forthcoming year. In this way, the private sector will be familiar with all planned activities and dynamics for their implementation in advance, which will promote the overall efficiency of InvestMacedonia.

An export promotion workshop could become a powerful public-private dialogue planning tool and will be coordinated with the Annual Conference on Enhancing Macedonian Exports. The IDEAS Project will help InvestMacedonia with organization and logistics in delivering the workshop.

ACTIVITY 2 – DEVELOPMENT OF THE EXPORT READINESS PROGRAMS

Although the legal mandate of InvestMacedonia will be limited to the traditional types of export promotion activities, the IDEAS Project will support a more comprehensive approach that will include the export readiness activity, as a part of the portfolio of the Ministry of Economy.

3. We Are Learning Export

To achieve sustainable development of the economy, the Government of Macedonia initiated a new export support measure— “We are learning export”—with two main objectives: (1) provide individual assistance to companies for increasing their exports and (2) increase the general export awareness through publications and seminars.

Through a voucher program, export-oriented companies will be able to receive subsidized consulting services that improve their knowledge and skills required to enter foreign markets and to increase their export potential for their products/services, distribution, and placement. The results from several countries where voucher system for export support were implemented have shown a positive correlation with improvement of the competitiveness and increasing of exports over the long term.

Implementation of the “We are learning export” activity will include the following:

- Identification of company needs for export readiness programs (survey methodology)
- Preparation of the terms of reference (ToR) and curriculum for trainers (consultants)
- Publishing of the public announcement for training consultants
- Evaluation of the applications
- Training of trainers (consultants)
- Creation of the database of trainers (consultants)
- Publishing of the public announcement for vouchers for “We are learning export”
- Evaluation of applications
- Preparation of the brochure for “We are learning export”
- Delivery of general export promotion workshops and, with the private sector, in the targeted sectors
- Leveraging of the New Export Handbook developed for companies that are not export ready (see p. 12/Trade Missions) and make it available to the broader audience interested in the government’s voucher program.

Areas for which vouchers could be used include: adaptation of the domestic products/services to international markets standards; education of the companies about EU and global market business practices; development of foreign market entry strategy; development of export marketing strategy; training for primary market research; training for participation in international trade fairs; training on how to establish sustainable business relations with foreign clients (distribution, cooperation, procurement); coaching program for export development (including the test for export readiness, SWOT, and preparation and implementation of the export action plan); product and packaging design, and others. Consulting services will be offered to the individual companies or to groups of

companies that fulfill the criteria prescribed by the Ministry of Economy, InvestMacedonia, and Agency for Entrepreneurship Promotion (AE).

The AEP will be the main implementer of this activity, with support from the MoE and private sector associations and chambers. Each company beneficiary of the program will be required to submit regular reports about the quantity and value of its exports, the number of business contacts, and the overall effects of the consulting services provided through the program in the period of 1 year. This information provided will be used for cost-benefit analyses.

This activity will be implemented as a part of the IDEAS Project efforts to support practical implementation of the IP measures; the budget will be provided from the Industrial Policy Component. The resources allocated in the Industrial Policy Component will be used for funding of two activities from the IP: Innovation Voucher and “We are learning export”. These two activities are considered as Industrial Policy measures and will help support an export oriented economy in Macedonia. Therefore, the funds that will support their implementation will come from the Industrial Policy budget. This intertwined approach will reinforce the synergy between the components as well.

ACTIVITY 3 – DEVELOP THE IT SYSTEMS IN INVESTMACEDONIA AND IMPROVE STAFF EFFECTIVENESS

The third group of activities seeks to establish sustainable mechanisms that will support the new operations and institutional structure of InvestMacedonia.

4. Conduct preliminary analysis for the potential creation of an Export Promotion e-portal.

The IDEAS Project will conduct a baseline analysis to identify the technical specifications and cost of setting up an e-portal for export promotion. Design and development of the e-portal will occur during year 2, and will be based on experience gained from other successful export promotion agencies, some of which are mentioned in the Export Strategy developed by the MoE.

The e-portal should be built with a modular solution to allow for easy upgrades and updates. It also should be a multi-language platform because it will become the primary information gateway for companies interested in exporting or for investors interested in Macedonian export-oriented businesses.

Information available on the portal should include, but not be limited to, general information for the agency, organizational structure, mission and contact details, information about the assistance provided by the agency (e.g., programs, export grants), information on how to get into the export market using the export promotion brochures that will be posted on the web, export plan templates, and export plan finance navigator, Macedonian exporters directory, industry capabilities, networking opportunities, export marketing, information for financial assistance programs, international export-related events, information on available export promotion training, forums, FAQs, and so on.

The e-portal should include a database of exporters that is searchable by product or by company name, the details of upcoming trade shows and events, and information about Macedonia’s exporting sectors. It also should provide access to an electronic marketplace that matches foreign buyers with Macedonian sellers.

The web portal should offer two levels of access. The Internet will be accessible to everyone, but the intranet will be focused on InvestMacedonia staff, allowing for online communications with promoters around the world. It also would be useful to introduce tools for online meetings and presentations to increase the efficiency of promoters’ activities.

The CRM solution currently in use in InvestMacedonia should be analyzed and integrated into the web platform. The e-portal also should be linked with the portals of other relevant domestic public and private sector web portals, as well as with those of donor assistance programs.

Through the e-portal InvestMacedonia should be able to operate trade information database systems and provide effective trade information service to exporters, importers, and the general public.

IDEAS will check possibilities for cost sharing if there are allocated resources for this purpose in the Budget of the Ministry of Information Society for 2012

5. Training for Economic Promoters

Economic promoters return to Macedonia each year for fact-finding, networking, and training, and each economic promoter is expected to share information on the successes and failure of various promotion initiatives with managers throughout the organization. During the winter/summer sessions, a training program will be developed with several training modules for the promoters. Topics to be covered in the training include value-chain analysis, scanning markets for opportunities, marketing and trade promotion techniques, market research, and others.

Promoters also will be trained on data-gathering techniques and how to create databases of the data obtained from country visits, trade shows, and business meetings. The databases created will be available for exporters as an effective source of information about demand for Macedonia products in key target markets.

In addition to general training, economic promoters from the selected markets will be trained on specific issues related to the export promotion needs in the selected industries and sectors. This training will include several topics, such as sector export marketing planning; matching exporters and selected market access requirements; initiation, facilitation, and support in the areas of export cluster development; and export coaching programs.

This activity will be implemented with support from both local consultants and international speakers.

6. Study Tour for Transfer of the International Best Practices

Keeping in mind the changes in leadership in InvestMacedonia and the fact that the new staff recruited in the Export Promotion Department do not have experience working for EPA, the USAID IDEAS Project, together with the USAID AgBiz project, will support a learning trip for relevant EPA personnel to provide them with knowledge about the design of the system for export promotion in a selected country and of business operations of the selected EPA. Potential destinations could be Estonia, from the perspective of country size, or Turkey, from the perspective of a successful export promotion story.

III. Expected Results

The main objective of the activities described in Activity 1 is to create a customer-oriented culture within the agency and to transfer the knowledge for performing the export promotion function.

Illustrative results to be achieved during year 1 include the following:

- Establish two export promotion programs in InvestMacedonia
- Train private sector representatives in the selected sectors on export promotion issues, such as training modules on market research, sales and marketing plan, and assessment of export market opportunities.

The objective of Activity 2 is to initiate an organized approach to providing export readiness training, with the intended result being development of a system for implementation of the voucher system, creation of the training curricula, and establishment of the body of knowledge through a train-the-trainer program.

Activity 3 is focused on improving the organizational and staff efficiency of InvestMacedonia. This activity's intended results include the following:

- Upgrade the CRM system in InvestMacedonia
- Develop the export e-portal
- Train the staff in the area of business development and market information.

Component A, Theme 2–Development and Implementation of a comprehensive export promotion strategy and trade policies to support exports					
	Initiative	Objective	Timeline	Partners	Budget and additional Local /Foreign Experts
Activity 1–Building InvestMacedonia’s Export Programs					
1.	<p>Development of the two export promotion functions within InvestMacedonia.</p> <p>Business Development Program</p> <p>Helping companies generate leads that could potentially result in a sale, via:</p> <ul style="list-style-type: none"> • Trade fairs • Trade missions • Identification of high-level opportunities • Customized contact lists • Lead generation • Business meeting agendas • Cost-sharing grant scheme for these activities. <p>Description of the service, coaching, and training for implementation of the function and support in implementation of the trade fair participation and B2B (learning by doing).</p> <p>Piloting of the activity for one or two sectors (one trade mission and one trade fair, implementation of the lead generation for two sectors).</p> <p>1.2. Market Information</p> <p>Providing to companies information that will give guidance and help drive decisions on entering and maintaining export markets:</p> <ul style="list-style-type: none"> • International trade analysis support will be focused on consolidating all available market entry information from export promotion websites of regional countries that have the same target markets as InvestMacedonia. 	<p>Launch export promotion activities of InvestMacedonia and develop monitoring and evaluation capacities/systems and plans for measuring the impact of export promotion policies and programs.</p>	Oct 11–Sep 12	InvestMacedonia, MoE, private sector associations, and Chambers	<p>Total budget: \$23,000</p> <p>No additional expertise needed</p>
2.	<p>Establishing the Export Promotion Workshop</p> <p>The Export Promotion forum will be organized on annually by InvestMacedonia for activities that are related to the planning of annual activities.</p>	<p>Improvement of organizational efficiency.</p>	Jun 2012	InvestMacedonia, MoE, private sector associations, and Chambers	<p>Total budget: \$1,000</p> <p>No additional expertise needed</p>

Component A, Theme 2–Development and Implementation of a comprehensive export promotion strategy and trade policies to support exports					
	Initiative	Objective	Timeline	Partners	Budget and additional Local /Foreign Experts
Activity 2–Development of the Export Readiness Programs					
3.	Implementation of the activity “We Are Learning Export” Identification of the companies’ needs for export readiness programs, such as survey; preparation of ToR and curriculum for trainers and consultants; training of the trainers; creation of the database of trainers; and preparation of the brochure “We are learning export.”	Development of the export readiness programs.	Dec 2011–Sep 2012	MoE, AEP, InvestMacedonia, private sector representatives, and companies	Foreign expert (15 days) Local expert (10 days)
	Delivery of the general export promotion workshops and with the private sector in the targeted sectors and granting of 10 vouchers		Mar–Dec 2012		Foreign expert (5 days)
Activity 3–Develop the IT system in INVESTMACEDONIA and improve staff effectiveness					
4.	Development of comprehensive investment and export promotion e-portal (with intranet option) using the tools for online meetings and presentations and modules with information on how to develop an export strategy, undertake market research, launch export marketing and access finance database on existing exporters.	Development monitoring and evaluation capacities/systems and plans for measuring the impact of export promotion policies and programs.	Oct 11–Sep 12	Ministry of Economy; Investment and Export Promotion Agency; Deputy Prime Minister for economic affairs; and donors, such as EU/IPA; Dutch, Swiss, and German bilateral assistance, and USAID projects	Total budget: \$31,500 \$30,000 (from the E-Gov budget) \$1,500 (local expert for the IT Assessment – 10 days)
5.	Training for Economic Promoters	Build capacity within the agency for trade policies analysis and reform to support the development of exports.	Oct 11–Sep 12	Ministry of Economy; Investment and Export Promotion Agency; Deputy Prime Minister for economic affairs; Economic chambers, donors-EU/IPA; Dutch, Swiss, and German bilateral assistance, USAID projects professional associations, NECC, and civil society such as the media and academia	Total budget: \$1,500 No additional expertise needed
6.	Study tour for transfer of international best practices (potential destinations Turkey and Estonia).	Build capacity through training program within agency to identify and analyze the industries with export and job creation potential and determine ways local industries can be supported with policies and programs.	Nov–Mar 12	AFDIEP, MoE, AgBiz, DPM for economic affairs Cabinet	Total budget: \$12,000 No additional expertise needed
TOTAL BUDGET: \$70,000					

II. COMPONENT B–PUBLIC-PRIVATE DIALOGUE (PPD) ENHANCED

I. Current Situation

After a delay in the field of public-private dialogue (PPD), the past few months brought long-expected significant momentum for enhancing PPD nationwide.

There is a stronger and durable commitment by the GoM and the public administration to build sustainable PPD with the business community and other stakeholders within the society. Despite the delay caused by the redefining of positions in charge of PPD on the national level as result of the elections held in June, the GoM confirmed its approach by using the final quarter of FY 2011 to accelerate achievements and provide the necessary regulatory framework for establishing a nationwide PPD on sustainable grounds.

In that sense, GoM representatives also agree that there is an urgent need of assistance to build capacities, both at the GoM as well as at their counterparts, in the PPD process. The GoM also is strongly interested in having an institutionalized approach, defined by official mechanisms, that provides the best results in mutual coordination. These institutional mechanisms are identified by all stakeholders within the NECC, the Economic and Social Council (ESC), and the Regulatory Impact Assessment (RIA)/ENER process, and they are completely in line with the goals of the IDEAS Project, with a focus on export and investment.

At the request of the GoM, the media also will remain in our focus in FY 2012, as it was identified that there is a serious lack of knowledge and commitment of the media to the PPD process on all levels, resulting in a low awareness of the benefits PPD provides for the broader community.

a. National Entrepreneurship and Competitiveness Council (NECC)

After a long period of consultation with all relevant stakeholders on the platform for the NECC, which was distributed to all stakeholders, with strong support from Macedonia's Vice-Prime Minister for Economic (VPME) issues, the new NECC model is finalized and expected to be officially approved by the GoM, followed by an immediate action plan to have it structured and operational by December 2011. The GoM/VPME cabinet committed to supporting and intensively using the NECC for all issues in the field of economy, along with the other mentioned instruments. It is now clear that the NECC as a mechanism will not be left behind; on the contrary, it will be institutionalized with more success by learning from previous experience from within the country and abroad.

Despite the progress achieved, the NECC faces a number of challenges, as follows:

- Skepticism among stakeholders, especially among chambers of commerce (CoCs), about the success of yet another initiative to restore the NECC. This skepticism was recognized by the GoM and there is a readiness to overcome these fears by achieving short-term results, based on political will.
- Stakeholders are not sufficiently educated and committed to the NECC initiative. This results in insufficient awareness of the importance of the NECC, of the positive results similar organizations have achieved in other countries, and especially of the benefits to all stakeholders of having such an instrument to articulate their needs.
- CoCs have low mutual cooperation and coordination, which reduces their capacity to become a relevant partner of the government in the PPD process.
- There is a lack of capacity at the MoE as the designated institution to support the NECC.
- The organizational and performance structure was inefficient and became the source of additional difficulties in efforts to implement activities.
- The internal activities of the NECC were prepared to serve a platform that was determined several years ago, and these are not appropriate for present conditions.

- The membership structure of the previous NECC did not sufficiently include or adequately represent SMEs and micro-enterprises, which made it harder to retain their focus and interest.

b. RIA (Regulatory Impact Assessment)/Export Promotion/Chambers of Commerce (CoC)

FY 2011 was a period of reviewing and analyzing the achievements and results of efforts made in Macedonia in the field of RIA over the past 2 years, since the RIA was officially introduced and since the regulation of RIA, as well as the use of Unique National Electronic Register of Regulations (ENER), were initiated.

In that sense, the GoM initiated and realized three significant activities in that period:

- In cooperation with the Organization for Security and Co-Operation in Europe (OSCE), a nationwide analysis was made on the regulatory process, also covering the aspects of RIA and involvement of all stakeholders. The experts working on the analysis presented their findings and recommendations in October 2011, defining the next necessary steps toward an improved process of RIA.
- In cooperation with the British embassy in Skopje, a comprehensive analysis was performed on the national process of RIA, the involvement of all stakeholders, achievements and challenges. This also involved analyzing the ENER system as an instrument with strong potential, but very limited use, within the PPD process. The findings and recommendations resulted in the preparation of three important documents, as follows:
 - Government Code for consultation with stakeholders in the RIA process
 - Governmental Instructions for the process of consultation with stakeholders in the RIA process (addressing the public administration institutions in charge of the RIA process)
 - Handbook on the process of consultation with stakeholders in the RIA process.
- A cycle of education seminars and courses started in September 2011, in cooperation with OSCE, as result of the analysis of the regulatory process, also covering the aspects of RIA and the involvement of all stakeholders. However, these seminars address only public administration officers on the principle of training of trainers, not the business community or the non-governmental sector of society.

The IDEAS Project, in coordination with the GoM's needs, will build on the achievements described above, keeping in mind that the CoCs and business associations remain weak links in the PPD. There are challenges ahead, as follows:

- There is an insufficient knowledge base among stakeholders and little awareness of the advantages offered by RIA and ENER or the methods to implement them.
- RIA, although mandatory, is not widely and consistently used in practice, mainly because GoM ministries fail to upload their plans for using RIA onto their websites and the ENER (www.ener.gov.mk).
- CoCs are not united, do not communicate effectively with each other, and have difficulties in defining a joint strategy and/or concrete requests from other stakeholders, thus limiting their capability to become a relevant counterpart in the process.
- There is little ability and knowledge among CoCs to define and issue economic policy documents as a key condition for successful dialogue with the public sector. Much was achieved during the past months with the CoCs, and we will continue to build on our achievements from FY 2011:
 - We improved the CoCs' capacities by working with them to develop a solution they accepted, to establish stable, structured, and officially recognized teams of employees in charge of policy papers and RIA. This represents a significant base for further building well-educated teams, as adequate counterparts to the GoM, on behalf of the private sector. These teams will review and profile all proposals and issues to be resolved in the future

and will be the teams in constant coordination with the GoM, building a lasting long-term partnership with the GoM and other stakeholders.

- We assisted the CoC teams in defining four policy papers and will continue with these efforts in FY 2012. The ability to present the business community interests is of utmost importance and will remain our focus in the year to come.

c. Economic-Social Council (ESC)

FY 2011 brought about complete restoration of the ESC. Its operability and mandate were approved and its structure was defined on the grounds of representation criteria. After a long delay, the ESC regained its role to serve as a platform for PPD and was received the confidence of stakeholders, which should be used as momentum to build on these foundations. As result of the restored focus and the active PPD, the last quarter of FY 2011 made the ESC the main instrument through which strategic agreements were made on the national level, such as the minimum salary, review of legislative efforts, and so on. The employer's organization is now the only representative of the business community in the ESC, and thus has the obligation to serve as the voice of the entire business sector, which will demand additional resources and support from the IDEAS Project. The strategy of the ESC is the most important starting point to continue efforts and define the best possible approach. These achievements also lead to a strong pressure to move on with further improvements and innovative approaches toward an even more successful social dialogue.

The ESC faces several challenges, as follows:

- The National ESC's Strategy's action plans are to be reviewed and improved in accordance with best practice models.
- The ESC's organization and performance plan must be reviewed for the ESC to better serve its purpose.
- The mandate and expectations of this forum are to be reviewed and improved in accordance with best practice models.
- There is a lack of education and experience among ESC members.
- There is skepticism among stakeholders about the commitment and operational efficiency.

d. Media

The process of restructuring the public administration as a result of the June elections visibly influenced the capacity of the media to do more in the field of PPD and focus on economic issues. With that delay behind us, we will build on the efforts undertaken in past years that led to a level of public awareness about PPD and the instruments supporting its successful implementation. The main challenges in this regard include the following:

- Lack of Education among the Media—There are few specialized professionals covering economic issues and their education on what PPD is and how they can assist the process is of utmost importance.
- Skepticism about PPD Initiatives—Given the previous experience of the media with failed initiatives, one of the challenges is to persuade media personnel that adequate coverage is justified and relevant.

Current conditions provide reasons to look forward to this challenge—the planned activities of our project address all challenges, defined in close cooperation with all stakeholders, and will serve as strong support for the other components of the IDEAS Project.

We are confident that by the end of our activities, PPD in Macedonia will be sustainable, independent of external influences, a good example within the region, and receive adequate media support.

II. Planned Activities

In FY 2012, the IDEAS Project will continue to establish procedures, initiate meetings, track the progress of issues, help participants achieve resolution, and expand the use of e-applications for communications.

We will provide training and mentoring on various advocacy approaches for national instruments for PPD, associations, and CoCs on diverse approaches, such as sharing best practices, research, policy papers, conferences, public debates, and other venues.

In accordance with our already-realized activities from FY 2011, we will perform all of these activities by providing mentoring and capacity-building for private sector, government, and civil society partners to ensure sustainability.

ACTIVITY 1 – SUPPORT TO THE NECC

Support to the NECC will be based on the activities planned for FY 2011, which were postponed as elaborated earlier and extended in accordance with the needs of stakeholders, including a series of activities aimed at successful and sustainable reactivation of the NECC.

1. Assistance to the NECC in defining its position and building partnership relations toward the CoCs and other stakeholders

At the request of the GoM and the business community, the IDEAS Project will support review of the current mandate of the NECC. We also will assist in organizing a series of round tables with the CoC to address issues and clarify the roles and responsibilities of the NECC versus those of the CoC. The IDEAS Project also will help organize a series of round tables that includes all relevant stakeholders to review and define the mandate that best suits the needs and expectations and, thereby, ensures the needed consensus. As a significant input, we will analyze best practices of mandates of similar PPD forums from other countries and share the experiences with stakeholders as the best way to optimize our joint efforts.

2. Strengthening capacities of the NECC's members and support staff

We will work to strengthen the capacities of NECC members and support professionals through education sessions and exchange of knowledge, best practices, and advocacy seminars, thereby ensuring that members and support staff are able to contribute to an operational NECC. These operations will include support creating policy papers, advocacy, RIA/ENER, industrial policy, and export promotion-specific issues. The NECC will be tasked to take a proactive role in implementing selected IP measures under Component A1.

ACTIVITY 2 – SUPPORT TO THE ECONOMIC-SOCIAL COUNCIL (ESC)

3. A review of the current ESC organization model and performance plan

The current model of ESC was identified by the organization of employers as a model in need of review and improvement in terms of efficiency, budgeting, inclusiveness, and so on. This is a significant issue that is related to ultimate sustainability of the ESC, and all relevant positions must be considered. Therefore, the IDEAS Project will interview ESC members to assess their needs and understand their challenges. These findings will help define the most suitable forms of assistance to the members of the ESC in reviewing the current system and proposing improvements or a new system of engagement by analyzing and studying best practices as a model.

4. Support to the Employers Organization of Macedonia (EOM)

The IDEAS Project identified the EOM as the relevant partner from the private sector in the ESC and we must intensify our support to the EOM as the only private sector representative to properly advocate for the proposals and needs of the business community instead of only its membership. Our contacts in FY 2011 led to an understanding that the EOM must work closely with all other associations and CoCs to ensure the most efficient representation of the interests of the private sector. We will continue to work with them on concrete mechanisms on how to build partnership relationships with other stakeholders of the business community.

ACTIVITY 3 – SUPPORT TO THE IMPLEMENTATION OF REGULATORY IMPACT ASSESSMENT (RIA)

Because the GoM has completed the preparatory reviews and regulatory issues, we can continue with our efforts, initiating from the position that the main challenge to the successful implementation and presence of the RIA is to remain focused on its wider support and acceptance on different levels.

5. Training/Capacity building

In line with the requests to build on the training capacities resulting from the train-the-trainers program of the GoM with OSCE and because education and training are essential for this purpose, we will organize joint training program workshops with the public and private sectors as well as with civil society on the RIA mechanism and the benefits of the ENER system. These joint workshops will help create trust and partnership relations among stakeholders over a longer period of time.

6. Knowledge transfer

We will analyze experiences in this field in other comparable economies and share this information during the trainings for civil society and the private sector, which will enable them not only to define a set of instruments through training, but also to learn from other experience and to transfer their knowledge to Macedonia, with USAID support. It is especially important to share knowledge and experience on the role of the business community in the process and we will contribute to this goal.

7. Explore the possible upgrade of the ENER system

Our activities will include exploring possibilities for upgrading the electronic system and thus providing higher quality for users. In that effort, we will coordinate closely with stakeholders to overcome the difficulties with the system and to identify new solutions that lead to wider and simpler use of the existing system and its components.

8. Provide assistance in creating a software solution for nationwide RIA use and RIA procedures

The IDEAS Project will support an assessment of the needs and circumstances relevant to creation of a software-solution that will follow in FY 2013 as the most adequate instrument to expand the use of RIA to all stakeholders and make it sustainable and widely recognizable for its benefits to the private sector.

We will use the RIA and ENER as tools for the PPD for issues related to other IDEAS Project components. PPD is strongly connected to export promotion and industrial policy, and significant data can be retrieved through these instruments. This will make a visible contribution to the success of the two components and provide cross-cutting support among the initiatives themselves.

ACTIVITY 4 – SUPPORTING THE CHAMBERS OF COMMERCE FOR THE CREATION OF AND ADVOCATING FOR RELEVANT POLICY PAPERS

Building on our achievement in FY 2011, to persuade business community representatives to change their business models and to build appropriate capacities for policy paper creation and market analysis as coordinating departments with the GoM and the broader community, to become an active partner of the GoM in formulating economic policies, and to have the majority of the business community recommendations be implemented by the GoM, it is necessary to support the CoCs and business associations.

We will mentor COC, EOM, and NECC staff in preparing and advocating policy papers as described below.

9. Promote a train-the-trainer program to sustain policy paper and advocacy teaching

We will develop a train-the-trainer program where experts will create a toolkit describing the methodology and case studies on how to develop strong policy papers. The toolkit will be taught to CoC staff members with the intent to ensure the trainees become trainers over time and transmit their knowledge to new recruits.

10. Support in presenting and advocating issues with the GoM

We will continue our assistance to develop sound policy papers (with a focus on investment and exports) in collaboration with local or regional experts. Such collaboration should be viewed as a hands-on approach to the teaching of the toolkit (No. 9). CoCs will learn about how to present issues to the GoM and how to be a proactive force in implementing specific measures. Experts also will provide the CoC with a comparative analysis of foreign experiences. The analysis will present the CoCs with success stories from other countries on how to advocate with the GoM and build the necessary instruments.

11. Promotion of Policy Papers through Public Debates

We will continue to help CoCs and the EOM create and advocate policy papers that focus on export and investment. Once processed and publicly reviewed, we will ensure these papers can be presented at NECC meetings by the CoC that developed them. We will monitor the review process. After undergoing a second round of review by NECC, we will coordinate with the lead for Component A1 to ensure the papers are transmitted to the IMEG following the proper procedures for timely review.

12. Building Official Professional Teams of Policy Paper Researchers

The IDEAS Project will support COCs in creating adequate legal status for staff members in charge of developing the policy papers on behalf of the business community. Such legal status will enable them to act with more autonomy.

These processes will be realized by developing twinning partnerships with local experts to promote local expertise and thereby strengthen the capacities, with the goal of preparing the CoCs for their important role as a partner in PPD.

Activity 5–Media support

The PPD component of the IDEAS Project will continue its activities in the frames defined in Section III of the IDEAS Year II Work Plan and within the budget determined for that purpose.

These activities will provide an unbiased perspective on issues raised by the private sector and the government.

III. Expected Results

The intent of the proposed activities is to continue building the capacities and the necessary infrastructure for PPD in Macedonia. The expected results for proposed Activities 1–5 are as described below.

Activity 1–Support to the NECC

- NECC's mandate is reviewed and discussed with the business community.
- Training for NECC members on PPD, RIA, best practices, and advocacy is organized.

Activity 2–Support to the ESC

- ESC members have actively participated in reviewing the current model of organization and alternative solutions and they have come to a final decision on whether or not to make any changes, based on relevant analysis and best practice models from adequate markets.
- All necessary acts, procedures, sessions, and other details necessary for the coordinating function of the employers organization, as representative of the interests of the business community, are prepared and approved and a system of sharing information and involving all relevant business associations is at hand.

Activity 3–Support to the implementation of RIA

- Training sessions with the CoCs and other associations on their roles in the regulation process are realized.
- Joint training programs with the public and private sectors on the RIA mechanism and the benefits of the ENER system are realized.
- Trainings to a wider audience from the civil society and the private sector are held.

- An assessment of the needs and circumstances with adequate recommendations for a future software solution for RIA on the national level is prepared.
- A review of the ENER IT system is performed and improvement recommendations are issued.

Activity 4–Supporting the Chambers of commerce/Business associations.

- Mentoring of COC and NECC staff on preparing and advocating policy papers is completed.
- Professional teams for policy papers, advocacy, and RIA in the CoCs are officially regulated.
- Policy paper discussions with GoM at round tables, debates, and other forums are initiated.
- Twinning partnerships with local experts are initiated.

Activity 5–Media support (please refer to section III of the IDEAS Year II Work Plan)

- Media professionals are educated on export and investment promotion matters.
- Research in the field of PPD in export and investment promotion are realized.

Our collaboration with the media will result in articles on our activities, especially in the field of export promotion and IP, providing strong support to the IDEAS Project's components and common goals.

Component B: Public-Private Dialogue (PPD) Enhanced					
Establishing sustainable and equitable public-private dialogue mechanisms					
	Initiative	Objective	Timeline	Partners	Budget and additional Local/Foreign Experts
Activity 1–Support to the NECC					
1.	Assistance to the NECC in defining its position and building partnership relations toward the CoCs and other stakeholders, plus ongoing support to NECC's operations.	NECC's mandate is accepted by the private sector and a partnership is at hand.	Nov 2011 – Jan 2012	<ul style="list-style-type: none"> • DPMEA • MOE • Business community 	Total budget: \$1,500
2.	Strengthen capacities of the NECC's members and support staff to participate in implementation of selected IP measures under Component A1. Provide assistance to increase knowledge, best practices, advocacy seminars, and ability to create policy papers.	NECC is ready to create policy papers without assistance and voice its opinion in a structured and efficient way.	Jan 2012 – Jun 2012	<ul style="list-style-type: none"> • DPMEA • MOE • Business community 	Total budget: \$5,500 Local expert: 20 days
Activity 2–Support to the Economic-Social Council (ESC)					
3.	Assistance to members of the ESC in reviewing the current system and proposing improvements or a new system of engagement by analyzing and studying best practices as a model.	Members and support staff gain knowledge in how to make a more operational ESC and review options.	Nov 2011 – Jan 2012	<ul style="list-style-type: none"> • ESC • MLSP 	Total budget: \$3,000 Foreign expert (Regional): 7 days
4.	Support to the Employers Organization of Macedonia (EOM) as the only private sector representative to advocate for the proposals and needs of the business community, including the capacity to create policy papers and active involvement in the ongoing efforts of Component A (IP and Export promotion).	Establish regular meetings with the private sector to discuss the ESC and represent initiatives and proposals of businesses.	Nov 2011 – Mar 2012	<ul style="list-style-type: none"> • EOM • Business community 	Total budget: \$1,500 Local expert: 5 days
Activity 3–Continue to support RIA mechanisms and the ENER system					
5/6.	Support implementation of the consultation process with the private dialogue on RIA: Continue training programs with the public and private sectors on the RIA mechanism and benefits of the ENER system for the business entities. Extend training to civil society and the private sector using best practices from other countries. Hold specific session on the role of CoCs in the use of ENER.	Ensure RIA and ENER are widely used by the private sector and civil society.	Nov 2011 – Sep 2012	<ul style="list-style-type: none"> • MISPA • Business community • NGOs 	Total budget: \$5,000 Local experts: 5 days Foreign experts: 5 days
7.	Analysis of current software solution for the ENER system and assistance in possible improvement/upgrade to the ENER system.	Conditions for an improvement of the ENER system are created.	Feb 2012 – Apr 2012	<ul style="list-style-type: none"> • MISPA • Business community 	Total budget: \$5,000 Local experts: 20 days
8.	Assessment of the needs and circumstances for a future software solution for RIA on a national level.	Conditions for a successful initiation of the producing of a RIA software are created.	May 2012 – Sep 2012	<ul style="list-style-type: none"> • MISPA 	Total budget: \$5,000 Local experts: 20 days

Component B: Public-Private Dialogue (PPD) Enhanced					
Establishing sustainable and equitable public-private dialogue mechanisms					
	Initiative	Objective	Timeline	Partners	Budget and additional Local/Foreign Experts
Activity 4–Strengthening capacities of CoCs for the development and promotion of PPD Policy Papers					
9.	Train-the-trainers program: Provide experts to develop toolkit with methodology to create policy papers. Ensure toolkit is introduced to CoC, NECC, and EOM support staff and taught in a way that empowers the staff to teach the material to new members.	COC, EOM, and NECC have well-educated staff who are able to train new people to become a relevant counterpart to the public sector.	Nov 2011 – Feb 2012	<ul style="list-style-type: none"> • CoC/NECC • EOM 	Total budget: \$3,000 Local experts: 10 days
10.	Mentor CoCs and EOM staff on preparing policy papers (i.e., focusing on specific IP measures, investment, and exports). Identify problems and priorities, analyze specific issues, prepare policy paper with justified explanations and reasonable recommendations, and discuss issues with GoM. Develop twinning partnership with local experts to promote local expertise.	CoCs and EOM can produce sound policy papers for GoM's review with no USAID assistance.	Nov 2011 – Sep 2012	<ul style="list-style-type: none"> • CoCs/EOM 	Total budget: \$9,000 Local experts: 20 days Foreign expert: 20 days
11.	Promotion of the issued policy papers in the public through the support in organizing public debates with all society stakeholders.	Supported CoCs improve policy papers and learn from the process how to best include the interest of the society in their work.	Nov 2011 – Sep 2012	<ul style="list-style-type: none"> • CoC • EOM 	Total budget: \$2,000
12.	Develop an organization map and blueprint to strengthen the capacities of CoCs/EOM to better advocate for their members' interests. Establish official (regulated) professional teams responsible for creating and reviewing policy papers. Such teams will operate as a hub and also will build on the best practices of UNIDO with IP teams.	The CoCs and EOM have stable, regulated teams for policy creation with adequate positions within the structure of the CoC.		<ul style="list-style-type: none"> • CoC • EOM 	Total budget: \$1,000 Local experts: 5 days
					TOTAL BUDGET: \$35,000.00

III. PUBLIC RELATIONS (PR) AND INFORMATION

I. Current Situation

During year 1 of its operation, the IDEAS Project, under Public Relations, completed the following activities:

- Developed a comprehensive Communications Strategy that is in line with USAID Macedonia Communications Strategy for 2011 and began implementation
- In coordination with Component Leaders and the Chief of Party, identified project activities that must be a priority for PR activities
- Initiated a discussion with one business media outlet for identifying opportunities for cooperation
- Implemented Project Branding and Marking Plans in compliance with USAID's ADS Chapter 320 Branding and Marking.

As an output to the above-mentioned activities, the following results were achieved:

- Four communications tools were completed: Project Banners; Project Website; One Pager; and Component Fact Sheets
- Introduced the IDEAS Project as a USAID-funded project among current and potential stakeholders, government institutions, the private sector, and the general public
- Enhanced the understanding of the IDEAS Project among the general media by publicizing press releases for project-related activities
- Initiated cooperation between the IDEAS Project and *Kapital*, the business media outlet.

II. Planned Activities

The primary activities of the Communications Officer during year 2 of the IDEAS Project will be as described below.

I. Establish formal cooperation with business media outlets

To identify opportunities for cooperation with relevant business media outlets, the Communications Manager initiated a series of meetings with one of the most relevant business media outlets in the country: *Kapital*. Meetings were organized with the editor-in-chief and executive director of the magazine. At these meetings, the IDEAS Project mission and areas of work were presented and opportunities for cooperation were explored. To decide on what level we might cooperate, the Communications Manager requested that the magazine provide a rough estimate of the cost for publicizing two-page articles in the weekly edition of *Kapital* with an aim to project a budget for FY 12. The proposed budget from the business media outlet is for preparing and publishing eight news articles, in A4 format, color copy, and on two pages. The commercial price for this space in this magazine is 7,600 Euro, but for the IDEAS Project, the magazine provided a significant discount of 35%, which means 4,940 Euro. In addition, the magazine provided an opportunity to use its journalists pro bono in developing the articles.

In the first quarter of FY 12, we will hold a discussion with *Kapital* officials to specify roles and responsibilities, develop a statement of work (SOW) and/or Special Projects (SP) that will require USAID approval, and, ultimately, sign a memorandum of understanding (MOU).

2. Develop Project Newsletter Focused on Special Project Results

By the end of FY 11, the IDEAS Project had successfully completed several Special Projects, which had a broad impact on a large number of individuals and institutions and also influenced policy reforms. Given these positive effects, we believe it would be useful to develop a Project Newsletter focused on the results of Special Projects to celebrate project accomplishments.

We propose that the newsletter be developed in cooperation with project staff and with USAID/COTR input, translated into Macedonian, disseminated among the target audiences, and posted on the project's website. Such a newsletter would serve as a vehicle for presenting project

activities and results to a wider audience, sparing them the effort to look for them, as we disseminate this to our own circulation list, including all USAID/Macedonia-funded projects, other embassies, international organizations, and others.

3. Identify, Develop, and Release Project Success Stories

Success stories are an effective way to present project accomplishments to a wide audience. Quarterly, the Communications Manager will identify and develop a success story about a concrete and tangible project result, accompanied by colorful images, which will be disseminated through all project communications channels, such as press statements, website, and others. This will ensure a steady and effective flow of positive news to the media, and can be redirected for use in presentations and reports. A new focus will be to present these success stories through the medium of video.

4. Develop and Release Media Advisories and/or Press Releases

In cooperation with component leaders, the IDEAS Project will identify specific project activities that should receive priority for PR activities. Following this process, the Communications Manager will prepare, obtain clearance, and disseminate media advisory and/or press releases to the project media distribution list, post them on the website, and post them on the USAID Mission website.

5. Track Published Articles in Media and Develop Quarterly Press Clippings for the DOC Office

After releasing media advisories and/or press releases, project interns will be responsible for tracking published articles in the media, developing press clippings, and translating them into English. The press clippings will be shared with the COTR and with the Development Outreach and Communications (DOC) personnel. Press clippings also will be posted on the project website under "IDEAS in the Media."

6. Manage Interviews for IDEAS Chief of Party and Component Leaders with Relevant Media

The Chief of Party and component leaders will meet with journalists to create an opportunity to provide an overview of the USAID IDEAS Project's future plans and potential legacies, as well as to summarize achievements and unfinished reforms in key areas.

7. Provide Regular Updates to the IDEAS Website

One project achievement was development of an appealing and informative website for our target audiences, and we will continue to update this website monthly, paying special attention to the quality of the visual content. We will track the monthly hits to the website and to specific pages (sections).

8. Develop IDEAS Conference and Training Calendar

The USAID Office of Economic Growth has assigned responsibility for developing an IDEAS Conference and Training Calendar. The Communications Manager will continue to prepare this calendar in cooperation with component leaders and will provide monthly input on this calendar. Subsequently, all events shown on the calendar will be posted on the IDEAS Project website.

9. Information Sharing with Similar Regional Projects

To expand regional recognition of the IDEAS Project and to broaden the audience, the Communications Manager will share success stories and all communication tools produced in the previous year with the Regional Competitiveness Initiative (RCI). The RCI's quarterly newsletter could be an excellent vehicle for raising awareness of the IDEAS Project's goals and achievements and at the same time enable information sharing among USAID projects in the region.

III. Expected Results

Expected results of these efforts are as follows:

- Present information to GoM officials and to the general public to increase their knowledge and awareness of industrial policy, investment promotion, public-private dialogue mechanisms,

export promotion activities, and public procurement by publishing related articles in relevant businesses media.

- Upgrade professional technical communications to increase awareness of IDEAS Project output by the GoM, stakeholders, other donors, and the media.
- Continue to raise public awareness of project achievements and their impact as a USAID-funded project, locally and regionally.

Media

The process of restructuring the public administration as result of the June elections noticeably shifted media's attention away from economic issues, especially pertaining to public-private dialogue (PPD), export promotion (EP), and industrial policy (IP). With that delay behind us, we will build on the efforts undertaken in previous years that led to more public awareness about PPD, EP, and IP and the instruments supporting their successful implementation. The main challenges in this regard include the following:

- Lack of Education among the Media - There are very few specialized professionals covering economic issues, and their understanding of what PPD, EP, and IP are and how they can assist in the process is of the utmost importance.
- Skepticism about PPD, EP, and IP Initiatives - Given the previous experience of the media with failed initiatives, one of the challenges is to persuade the media that adequate coverage is justified and relevant.

Current conditions provide reasons to look forward to this challenge. The planned project activities address all of the challenges defined, in close cooperation with all stakeholders, and will serve as a strong support for the other components of the IDEAS Project.

PR / communication / public education					
1.	Dissemination of information regarding IDEAS Project and USAID support: Promotion of PPD mechanisms, export promotion, industrial policy, and policy papers created as part of IDEAS Project Public education on PPD/EP/IP and the benefits they provide Participation in joint events in the field of PPD, export, and investment.	Raise awareness and promote project results in the country and involve all stakeholders to provide an inclusive dialogue that will ensure quality decisionmaking.		Electronic and printed media	Total budget for this activity: \$16,700 (co-shared) Other donors: \$TBD
PPD Capacity-building activities					
2.	Activities to be conducted by PPD Component: Journalistic research in the field of PPD Strengthening capacities on PPD through education seminar and workshop with journalists in charge of economy issues.	Improve capacities of media professionals dealing with economy issues to become relevant stakeholders in the PPD process on a national level.		Electronic and printed media Macedonian Media Institute (MIM)	Total budget for this activity: \$13,000 (co-shared) Other donors: \$TBD
TOTAL BUDGET: \$29,700.00					

Activity: Media support

Jointly sponsored events with adequate supplemental sections in the publications

The IDEAS Project will sponsor media-covered events and activities, engaging the NECC, ESC, RIA, ENER, CoCs, and other key stakeholders to strengthen public awareness and understanding of the importance of PPD, EP, and IP to economic development of Macedonia.

Training and Education

The IDEAS Project will cooperate with universities and with the Macedonian Institute for Media (MIM) to organize a workshop and session for media experts to educate them on the importance of PPD, EP, and IP and on how to cover economic topics in a professional way.

Research and Networking Activities

The IDEAS Project will support in-depth research studies of key business journalism topics and will support regional networking for Macedonian media professionals to broaden their understanding and connections.

These activities will capitalize on PPD activities conducted by the IDEAS Project and other initiatives, report accurately on the topic, and provide an unbiased perspective on issues raised by the private sector and the government.

IV. INTERNSHIP

The USAID IDEAS Project Internship Program provides undergraduates or recent graduates with an opportunity to participate in the project, enabling them to strengthen their skills in various areas, to learn from project staff, and to get a feel for work in an international environment. This is a unique opportunity for them to work and communicate with other international, governmental, and private institutions and organizations and with international and local experts engaged by the project.

The IDEAS Project, based on the positive experience and results from year 1 activities in this area, plans to engage interns on the project during year 2. There also is a possibility that the project might hire these interns to work in the IDEAS Project's counterpart institutions.

Project staff also will benefit from the Internship Program because interns will help the office implement project activities.

Interns will be involved in day-to-day activities, attend meetings, participate in internal and external communications activities, and assist in preparing for events. They also will work with other project team members to develop, produce, and disseminate project publications (e.g., print and online media), to develop presentations and lectures, to translate commercial legislation and regulations, and to organize and supervise design and printing of publications related to areas of interest (e.g., commercial) to the IDEAS Project.

It is expected that the Internship Program will enable the interns to gain experience and develop contacts in both the public and private sectors, which ultimately will enhance their skills and make them more competitive in the labor market when they begin their search for employment.

The projected budget for the Internship Program in year 2 is approximately \$5,000.

V. MONITORING AND EVALUATION (M&E)

The following section describes the main objectives and activities for project monitoring and evaluation (M&E). Mimoza Peza and Natasha N. Stankovik are responsible for these activities.

The FY 12 M&E objectives are as follows:

- Ensure proper implementation of the data collection methodology, including data quality assessments and reporting on accomplishments through established methods
- Maintain the internal MS Excel spreadsheets to support archiving and reporting of performance data
- Consolidate and distribute on-time standardized information on the performance of targeted indicators.

The FY 12 M&E-related activities are as follows:

- Update the Performance Monitoring Plan (PMP) for FY 12 and obtain USAID approval for the revised PMP
- Coordinate data collection and analyze indicators
- Administer monthly and/or bi-monthly quarterly report development
- Administer special project result reports and compilation
- Maintain a filing system to facilitate managing and documenting performance data.

VI. PERFORMANCE MONITORING PLAN (PMP)

1.1 USAID's Macedonia Investment Development and Export Advancement Support

Performance Monitoring Plan

No.	Performance Indicator and Unit of Measurement	Indicator Definition	Data Source/Frequency	Base line	FY 1 (2011)		FY 2 (2012)		FY 3 (2013)		FY 4-LoP (2014)	
					I Jan–30 Sep		I Oct–30 Sep		I Oct–30 Sep		I Oct–30 Sep	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual
Intermediate Result 3.1: Improved Business Environment in Critical Areas												
Sub IR 3.1.1: Strengthened Government Capacity to Implement Economic Policies & Programs												
Indicators under 1.1; 2.1; 2.2; and 5.1												
IDEAS Project Result: Improved Foreign Direct Investment (FDI) and Domestic Investments (DI)												
1.1.	Number of new competitiveness policies, programs, action plans related to industrial policy being implemented	Being implemented means that decisions from the Competitiveness Committee of Ministers include the private sector comments and are being implemented by the implementing agencies at the national and/or local level.	Internal Project reports/Annually	0	3	0*	8		16		24	
IDEAS Project Result: Improved Export Facilitation and Investment Aftercare												
2.1.	Volume of exports from targeted sectors facilitated by InvestMacedonia through USG assistance (in MKD)	The value of exports in a given year in targeted sectors, facilitated by InvestMacedonia.	State Statistical Office/Annually	TBD	By 5%	0**	By 15%		By 30%	-		
2.2.	Number of new policies, measures, and sub-legislation that facilitate export are adopted	Policies, measures, and sub- legislations are defined as any reform programs that affect the legislative and/or policy framework.	Project reports, Implementing partners/Annually	0	1	1 Strategic Framework for InvestMacedonia	3		5	-		
IDEAS Project Result: Improved Public Procurement Legal Framework												
3.1.	Number of new policies and/or regulations submitted to GoM for review and adoption as a result of USG assistance	Number of new policies and/or regulations related to public procurement submitted to GoM for review and adoption, in cooperation with Public Procurement Bureau (PPB).	Implementing partners/Annually	0	1	1 Catalogue of competencies for officials involved in the PP	2		3		0	

No.	Performance Indicator and Unit of Measurement	Indicator Definition	Data Source/ Frequency	Base line	FY 1 (2011)		FY 2 (2012)		FY 3 (2013)		FY 4-LoP (2014)	
					I Jan–30 Sep		I Oct–30 Sep		I Oct–30 Sep		I Oct–30 Sep	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual
Intermediate Result 3.1: Improved Business Environment in Critical Areas												
Sub IR 3.1.2: Public-Private Dialogue Improved												
Indicators under: 4.1 and 4.2.												
IDEAS Project Result: Enhanced Public-Private Dialogue												
4.1. (PPR)	Percentage of issues resolved as a result of dialogue efforts supported by USG assistance	The number of new issues resolved by the GoM, against the number of issues raised before the government by the private sector organizations, firms, and individuals using acceptable advocacy approaches such as policy papers, public debates, conferences, and others.	Project reports, Implementing partners/Annually	0	50%	0***	54%		59%		63%	
4.2.	Number of new public-private dialogue mechanisms institutionalized by GoM as a result of USG assistance	Dialogue mechanisms and means used by entities and the regulations used by private sector organizations (firms and individuals) to raise issues with the government that the GoM turns into permanent channels of private sector input into policy making.	Project reports, Implementing partners/Annually	0	0	-	1		2		3	
IDEAS Project Result: Enhanced Government Capacity to implement new Policies												
6.1.	Number of people trained as a result of USG assistance (disaggregated by gender and areas)	Trained is defined as acquired skills to be able to independently support the implementation of the policies, disaggregated by gender and areas. Areas are: industrial policy; export promotion; public procurement; public-private dialogue.	Project reports, Implementing partners/Annually	0	155	77 Female–39 Male–38 IP–47 EP–30	202		462		582	

No.	Performance Indicator and Unit of Measurement	Indicator Definition	Data Source/ Frequency	Base line	FY 1 (2011)		FY 2 (2012)		FY 3 (2013)		FY 4-LoP (2014)	
					I Jan–30 Sep		I Oct–30 Sep		I Oct–30 Sep		I Oct–30 Sep	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual
6.2. (PPR)	Number of institutions/organizations undertaking capacity/competency strengthening as result of USG assistance (disaggregated by area of institutional/ organizational competency)	Number of institutions/ organizations undertaking capacity/competency strengthening in one or more of the six areas of institutional/ organizational competency: governance (e.g., board, mission/goal/constituency, leadership, legal status); management practices (e.g., organizational structure, information management, administration procedures, personnel, planning, program development, program reporting); human resources (e.g., human resources development, staff roles, work organization, diversity issues, supervisory practices, salary and benefits); financial resources (e.g., accounting, budgeting, financial/inventory controls, financial reporting); service delivery (e.g., sectoral expertise, constituency, impact assessment); external relations (e.g., constituency relations, collaboration, public relations, local resources, media).	Project reports, Implementing partners/Annually	0	5	10 12–MP; HR 13–Gov; MP; HR 1–SD 1–SD; MP; ER	10 3–MP; SD; Gov 4–SD, MP 1–MP, HR 1–Gov; HR 1–MP. SD, ER; HR		0		13	

* All GoM programs/strategies aimed at improving the competitiveness of Macedonian industry in the coming period (annual with longer periods of implementation) are still in the process of adoption. Because implementation for most of them starts in 2012, the adoption procedures must be finalized by December 2011. Relevant Information will be included in the PMP as programs are adopted.

**The Export Promotion Programs have been designed; the implementation has not started yet.

***In FY 2011, the process of creating policy papers as the most adequate instrument for PPD was initiated. Policy paper creation was supported and the documents currently are subject to public debate, review, and approval on different levels. This process requires more time to involve all relevant stakeholders and is expected to be completed early in FY 2012, when we expect to have the issues raised on different mechanisms and report of the index of resolved issues.

Notes:

2.1. The baseline for this indicator will be inserted when the IDEAS Project identifies the targeted sectors.

Standard indicators under the USAID Foreign Assistance Framework Program Elements: Private Sector Productivity and Business Enabling Environment.

4.1. (PPR) Percentage of issues resolved, as a result of dialogue efforts supported by USG assistance. Indicator will be used for USAID/Macedonia Performance Plan Reporting purposes

6.2. (PPR) Number of institutions/organizations undertaking capacity/competency strengthening as a result of USG assistance (disaggregated by areas). Indicator will be used for USAID/Macedonia Performance Plan Reporting purposes.

VII. BUDGET FOR IDEAS YEAR II

OPERATIONAL EXPENSES:		
BAH Labor	\$	71,667.72
Local Staff Labor and Per Diem	\$	340,221.13
Office Expenses and Social Costs	\$	191,303.72
Commodities	\$	-
TOTAL OPERATIONAL EXPENSES	\$	603,192.57
TECHNICAL ASSISTANCE:		
International Travel and Allowances	\$	49,129.31
Component A (FDI/DI/Aftercare)	\$	55,000.00
Component A (IP Implementation)	\$	50,000.00
Component A (Export Promotion)	\$	70,000.00
Component A (Public Procurement)	\$	-
Component B (PPD)	\$	35,000.00
Component C (Land/ME&A)	\$	-
PR/Marketing/Public Education	\$	29,727.91
Cushion	\$	50,000.00
Internships	\$	5,097.10
TOTAL TECHNICAL ASSISTANCE	\$	343,954.32
LOADS AND FEES:		
Burden	\$	192,122.75
Fee	\$	75,798.77
WRITE DOWNS	\$	(3,960.41)
TOTAL	\$	1,215,028.82

VIII. BREAKDOWN BY COMPONENT

COMPONENT A–FOREIGN DIRECT INVESTMENT (FDI) / DOMESTIC INVESTMENT (DI) / EXPORT FACILITATION AND INVESTMENT AFTERCARE IMPROVED	TOTAL COMPONENT A BUDGET: \$175,000
Theme 1–Implementation of the new GoM Industrial Policy for enhanced inter-ministerial coordination and streamlining of FDI, DI and aftercare	\$105,000
Theme 2–Development and Implementation of a comprehensive export promotion strategy and trade policies to support exports	\$70,000
COMPONENT B–PUBLIC PRIVATE DIALOGUE (PPD) ENHANCED	TOTAL COMPONENT B BUDGET: \$35,000
PUBLIC RELATIONS AND MEDIA	BUDGET: \$29,700
INTERNSHIP	TOTAL: \$5,097
IDEAS YEAR II PLANNED TECHNICAL ASSISTANCE BUDGET:	\$244,797